

## MINUTES

**California Industrial Development  
Financing Advisory Commission  
915 Capitol Mall, Room 587  
Sacramento, California  
June 25, 2008**

### **1. CALL TO ORDER & ROLL CALL**

Bettina Redway, Acting Chair, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:33 a.m.

Members Present: Bettina Redway for Chairman Bill Lockyer, State Treasurer  
Anne Sheehan for Michael C. Genest, Director, Department of Finance  
Les Kleinberg for John Chiang, State Controller  
Preston DuFauchard, California Corporations Commissioner, Department of Corporations  
Stanton Hazelroth for Dale Bonner, Agency Secretary, Business Transportation and Housing Agency

Staff Present: Tom Dresslar, Executive Director  
Eileen Marxen, Deputy Executive Director

Quorum: The Acting Chair declared a quorum.

### **2. APPROVAL OF MAY 28, 2008 MEETING MINUTES**

Ms. Redway asked if there were any comments from the Board members or the public on the May 28, 2008 meeting minutes. There were none.

Anne Sheehan moved to approve the item. Upon a second, the minutes were approved.

### **3. EXECUTIVE DIRECTOR'S REPORT**

Tom Dresslar reported that, based upon an informal survey of issuers, there is a potential demand of \$70 million for tax-exempt IDB allocation in the second half of 2008. He stated that some of the transactions may slip to next year but, nonetheless, CIDFAC staff expects that the remaining \$40 million in IDB allocation will be awarded this year.

### **4. DRAFT CIDFAC STRATEGIC PLAN (INFORMATION ITEM)**

Mr. Dressler stated that the overall premise of CIDFAC's strategic plan is that CIDFAC can and should play a more prominent role in the state's economic development program. He stated that CIDFAC is the only statewide entity that has as its sole mission the issuance of IDBs throughout the state, and that therefore CIDFAC is uniquely positioned to provide a greater contribution to making

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this important tool for economical development program as robust as possible. He said that, particularly with regard to the future of green technology in the state, and with federal efforts to make the knowledge-based industries eligible for tax-exempt IDB financing, CIDFAC can use its dedicated resources to grow the state's IDB program as a tool of economic development for all regions of the state. A stronger CIDFAC can add value to the current IDB program and, in the end, would benefit businesses and communities and families across the state. He said this is what the strategic plan is about; that is, making CIDFAC stronger and, as a result, a better partner and a greater contributor to economic development statewide. He concluded that the strategic plan is about making sure that CIDFAC can work as effectively as possible with others in the economic development community to achieve common objectives.

Mr. Dresslar asked Eileen Marxen to present more details about the plan.

Ms. Marxen reported on the highlights of the plan, the need for the plan and how the proposed improvements to CIDFAC will make it a more effective and relevant actor in the state's economy. Ms. Marxen highlighted both near-term and long-term actions covered in the plan. She also described the process for taking public comments on the draft plan and stated that CIDFAC staff would compile the comments with the intent of submitting a final version of the plan for the Commission's approval at its August 2008 meeting.

Ms. Redway asked if there were any questions from the Board members.

Mr. Hazelroth stressed the importance of revisiting the history of this subject. He gave a brief description of the Legislature's determination in the 1990s that having two entities authorized to issue IDB's with similar and overlapping purposes was duplicative and wasteful. As a result of this determination, the Legislature passed a bill in 1998 that caused the merger of the then-existing California Economic Development Finance Authority and the I-Bank. He stated that, from that point forward, the I-Bank has been the State's conduit issuer of IDB's. Mr. Hazelroth added that, nonetheless, there may be exigent circumstances that have occurred since the merger that require or point to a need for more than one IDB issuer at the state level.

Ms. Sheehan asked about the status of current legislative efforts at the federal level that are expected to have positive impact on California's IDB program. In response, Ms. Marxen reported that, concerning language that would allow knowledge-based industries to access IDB financing, the national organization, CDFA, has secured bipartisan support for this legislation and is still optimistic about getting a bill through Congress. Concerning the initiative to allow federal home banks to provide lower-cost credit enhancement for IDB's, this proposal has been included in the current housing bill being considered by Congress. Ms. Marxen stated that the bill recently passed the Senate. Mr. DuFauchard clarified that it was passed by a technical vote to stop debate. Ms. Marxen said that CDFA staff is optimistic that this provision will be retained in the housing bill and that the bill will be successful.

Ms. Sheehan asked about the timeline for state legislation required to enhance CIDFAC's authority to issue IDB's. Ms. Marxen stated that, at the earliest, the legislation would be introduced in January 2009 and become effective in January 2010.

Mr. DuFauchard asked about the revision of the CDLAC point system for IDB's and what CIDFAC staff's considerations are for addressing green technology. He asked if staff is familiar with the LEED certification system.

Ms. Marxen responded that staff is aware of the LEED certification system by the U.S. Green Building Council, and that one of the marketing initiatives mentioned in the draft strategic plan is for CIDFAC to get more involved with the Council in order to gain access to more expertise. She concluded that while it is not anticipated that LEED certification would be a requirement for IDB financing under a revised point system, it is anticipated that it would be a category under which projects could qualify for points.

Ms. Redway asked for public comments.

Paula Connors, Executive Director, California Enterprise Development Authority (CEDA), provided a brief background of CEDA's formation by the economic development community two years ago. She stated that CEDA is happy that the Treasurer's Office is focusing on the economic development role of CIDFAC, as well as the other entities in the Treasurer's Office. She restated CEDA's previous comments that CEDA believes CIDFAC's role as an approval entity is outdated given the number of bonds allocated for housing that do not have that oversight. She stated that the market and the environment has changed for IDBs, and that CEDA would welcome a revisiting of CIDFAC's role and would have some ideas in that area. She also stated that if the concern was promoting green technology, that CEDA also seeks out these types of businesses and does not want to see the implication that, absent the role of CIDFAC, these projects would not happen. CEDA's goals are to streamline the approval process for IDBs and to eliminate duplication. She also suggested that, in addition to taking public comments on the proposed plan, CIDFAC also should consider offering public workshops outside of Sacramento to allow for more participation by local governments in the process.

Ms. Redway stated that stakeholder meetings outside of Sacramento should be considered.

## 5. BUSINESS ITEMS

Tara Dunn, California Infrastructure and Economic Development Bank, was introduced to the Commission.

### A. REQUEST FOR TAX-EXEMPT ALLOCATION

- 1) **On behalf of The South Malt Avenue Corporation and User, IWorks US, Inc., the California Infrastructure and Economic Development Bank ("I-Bank" or the "Issuer")** requested approval of Allocation Resolution No. 08-0011A for an amount equal to \$1,335,000 in tax-exempt IDB allocation. The South Malt Avenue Corporation and I Works US, Inc. were incorporated in California on September 2, 1999 and December 5, 1988, respectively, and are solely owned by Robert Eric Dortch. IWorks manufactures lighting fixtures for various hotel chains and builders. IWorks needs a larger warehouse to expand its manufacturing operations and distribute its products more efficiently. Tax-exempt bond proceeds will be used to expand the Company's warehouse at its City of Commerce location. The expansion consists of an additional 10,000 square feet of ground-

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up warehouse space with three loading docks and a new parking lot with 70 additional car stalls. Bond proceeds also will be used for the acquisition and installation of new equipment, including automated packing robotics and various types of metal fabrication machines. Presented by Deanna Hamelin.

Ms. Redway asked if there were any questions or comments from the board or from the public. There were none.

Anne Sheehan moved approval. Upon a second, the motion was unanimously approved.

## **6. PUBLIC COMMENT**

Ms. Redway asked for public comments. There were none.

## **7. ADJOURNMENT**

There being no further business, the meeting adjourned at 10:54 a.m.

Respectfully submitted,

Tom Dresslar  
Executive Director